

Agenda Item 23-0867 (Jenna Dinkel)

AN ORDINANCE to create Article XIX and to make various changes in Chapter 115 of the Code of Ordinances for the City of La Crosse regarding short term rentals.

General Location

Citywide.

Background Information

In fall 2022, the Neighborhood Revitalization Commission (NRC) requested research be done on short-term rentals in the City of La Crosse. They requested information on the number of short-term rentals operating in the city, the requirements that already exist statewide and the regulations other municipalities have implemented. The Planning, Development and Assessment Department conducted research and found that approximately 92 short-term rentals exist and 17 held the required Department of Agriculture, Trade and Consumer Protection license. The NRC requested to move forward with a licensing ordinance to ensure that short-term rentals were obtaining the necessary licenses. The Legal Department and Planning, Development and Assessment Department worked together to draft a short-term rental ordinance using the direction received by the NRC. The NRC discussed and revised the draft ordinance before moving it onto Council.

Another concern brought forward was whether the city was collecting the necessary room tax. The Treasurer's Department informed the Commission that third-party marketplace providers (Airbnb, HomeAway, etc.) collect room tax for those advertising on their website. The city receives lump-sum room tax payments from these third-party marketplace providers.

This ordinance is coming to the City Plan Commission due to the edits to Chapter 115. This legislation, in creating a system for short-term rental licensing, needed to differentiate between the use of short-term rentals and bed and breakfasts. Due to the requirements of bed and breakfasts, it was determined they should not be included in the licensing system. However, it made sense to remove them as a conditional use permit (CUP) and allow them as a permitted use to avoid conflicts in the Municipal Code. The portion of the legislation that the City Plan Commission is reviewing is the removal of tourist rooming house and bed and breakfast as a CUP and addition of bed and breakfasts as a permitted use in residential zoning districts.

Recommendation of Other Boards and Commissions

The Neighborhood Revitalization Commission discussed short-term rentals and the possibility of regulation during four of their meetings. Once the ordinance was drafted, the NRC reviewed and revised the draft ordinance during three meetings.

Consistency with Adopted Comprehensive Plan

The Comprehensive Plan addresses housing with three main objectives: increase affordable housing, foster greater housing diversity, and create more housing opportunities for La Crosse residents (page 77-79). The short-term rental ordinance will give the city the opportunity to monitor the housing stock being used as short-term rentals and detect if it is having an impact on the city's housing goals.

Staff Recommendation

Staff recommends approval.

Routing J&A 1.3.2023